

Message Text

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41

ACTION EUR-25

INFO OCT-01 ADP-00 EB-11 AID-20 NSC-10 RSC-01 CIEP-02

TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

TAR-02 PA-03 PRS-01 USIA-12 L-03 H-02 RSR-01 DOTE-00

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R 152107 Z JUN 73

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 1181

INFO AMCONSUL MONTREAL UNN

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LIMITED OFFICIAL USE OTTAWA 1398

E. O. 11652: N/ A

TAGS: EIND, ETRD, CA, US

SUBJECT: AUTOMOTIVE AGREEMENT: STANFIELD STATEMENT; STATUS OF
TALKS

SUMMARY. BEGIN LIMITED OFFICIAL USE. IN SPEECH JUNE 13 TO
OSHAWA, ONTARIO CHAMBER OF COMMERCE, OPPOSITION LEADER STANFIELD
CALLED FOR THOROUGH EXAMINATION OF AUTO PACT BY PARLIAMENTARY
COMMITTEE BEFORE ANY CHANGES MADE. WHILE EXPRESSING CAUTION
ON ELIMINATION OF DUTY ON NEW CARS IMPORTED BY
INDIVIDUAL CANADIANS, STANFIELD'S STANCE
ON ISSUE APPEARED SOMEWHAT MORE FLEXIBLE THAN THAT TAKEN BY
ONTARIO PREMIER DAVIS. IN RECENT CONVERSATION, SENIOR GOC
OFFICIAL CONCERNED WITH AGREEMENT SAID GOC STILL AWAITING
SIGNAL FROM USG THAT IT HAS " COMPLETED HOMEWORK" AND WISHES TO
TALK. SAID GOC THEN PREPARED TO INITIATE TALKS " WITHIN WEEK"
INCLUDING PRESENTATION OF DETAILED PROPOSAL FOR CHANGES IN
AGREEMENT. END OF SUMMARY.

1. BEGIN UNCLASSIFIED. STANFIELD TOLD AUDIENCE IN OSHAWA
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(CANADA' S " DETROIT") THEY SHOULD BE RE- ASSURED BY FACT " ALL PARTIES SAY THEY ARE COMMITTED TO ASSURING THAT PRODUCTS AND JOBS GREAT IN CANADA. WE BELIEVE SUCH GROWTH SHOULD BE ROUGHLY IN LINE WITH GROWTH OF CANADIAN MARKET FOR PRODUCT ... IN OTHER WORDS, WE WANT TO GET OUR FAIR SHARE."

2. STANFIELD SAID HE DID NOT SUGGEST BARGAINING WITH USG SHOULD BE CONDUCTED IN PUBLIC BUT PROPOSED CAREFUL ASSESSMENT OF AGREEMENT BY PARLIAMENTARY COMMITTEE. HE SAID RELIABLE INFORMATION AND ASSESSMENT NEEDED IN LIGHT OF WARNINGS THAT USG MIGHT ABROGATE PACT, INDICATION THAT GOC MIGHT ELIMINATE SAFE-GUARDS AND TARIFF ON INDIVIDUAL IMPORTS, AND REPORTS THAT CANADA HAS BEEN GETTING ONLY 5 PERCENT OF TOTAL INVESTMENT BY NORTH AMERICAN AUTOMOTIVE INDUSTRY.

3. STANFIELD SAID PARLIAMENTARY STUDY SHOULD: (A) REVIEW PUBLIC POSITIONS OF TWO COUNTRIES, (B) ASSESS OPERATION AND EFFECTIVENESS OF AGREEMENT, (C) EXAMINE WHOLESALE AND RETAIL PRICE DISPARITY BETWEEN US AND CANADA, (D) ASSESS IMPLICATIONS OF AGREEMENT FOR OVERSEAS IMPORTS, AND (E) SOLICIT VIEWS ON WHAT IF ANY CHANGES IN PACT WOULD BE DESIRABLE. OPPOSITION LEADER WOULD EXPECT COMMITTEE TO MAKE SPECIFIC RECOMMENDATIONS ON THESE POINTS INCLUDING " POSSIBLE EXTENSION OF AGREEMENT TO OTHER PARTS OR PRODUCTS."

4. ON MAY 29 ONTARIO PREMIER WILLIAM DAVIS, SPEAKING TO AUTO DEALERS, INSISTED GOC SHOULD TAKE INTO ACCOUNT ONTARIO VIEWS ON AGREEMENT. DAVIS SAID " UNDER NO CIRCUMSTANCES SHOULD PACT BE TERMINATED." IT WAS REALISTIC, HE SAID, TO EXPECT " NUMBER OF CHANGES IN AGREEMENT" BUT " WE ARE NOT VERY RECEPTIVE" TO DROPPING DUTY ON IMPORTS FROM US BY INDIVIDUAL CANADIANS. END UNCLASSIFIED.

5. LIMITED OFFICIAL USE. IN CONVERSATION JUNE 14, C. D. ARTHUR, DIRECTOR GENERAL OF MECHANICAL TRANSPORT BRANCH IN DEPARTMENT INDUSTRY TRADE AND COMMERCE, SAID DEFINITE UNDERSTANDING IN HIS DEPARTMENT WAS THAT MATTER OF NEW BILATERAL TALKS ON AUTO AGREEMENT REMAINED WHERE IT HAD BEEN LEFT BY TREASURY SECRETARY SHULTZ AND TRADE MINISTER GILLESPIE AT CONCLUSION OF THEIR MARCH 29 MEETING. ARTHUR UNDERSTOOD USG STILL DOING ITS " HOMEWORK ." ONCE THIS IS COMPLETED, GOC EXPECTS USG TO GIVE SIGNAL IT IS LIMITED OFFICIAL USE

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READY TO RESUME TALKS. ARTHUR SAID GOC THEN WOULD BE PREPARED TO MEET, WITHIN APPROXIMATELY ONE WEEK, OUTLINING IN SOME DETAIL ITS IDEAS FOR MODIFICATIONS WHICH GOC BELIEVES WOULD MEET PREOCCUPATIONS OF EACH GOVERNMENT.

6. ARTHUR INDICATED IN GENERAL TERMS THAT GOC PROPOSALS WOULD DEAL WITH SETTING UP JOINT COMMITTEE, SUBSTITUTION OF NEW RECIPROCAL SAFEGUARDS FOR PRESENT GOC MEASURES, AND POSSIBLE ELIMINATION OF CANADIAN DUTY ON IMPORTS FROM UNITED STATES. HE HOPED MODIFICATIONS IN PACT WOULD NOT REQUIRE CONGRESSIONAL APPROVAL AND EXPRESSED PERSONAL VIEW THAT ISSUE OF BROADENING OF PACT CONVERGENCE SHOULD BE LEFT TO LATER CONSIDERATION BY JOINT COMMITTEE. END LIMITED OFFICIAL USE.
SCHMIDT

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